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DEPT FOR EUR/AGS, INR/EU, AND EUR/PPD FOR YVETTE SAINT-ANDRE  
OSD FOR COMMANDER CHAFFEE  
WHITEHOUSE FOR NSC/WEUROPE

E.O. 12958: N/A  
TAGS: [KPAO](#) [AU](#) [OPRC](#)

SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: January 31, 2007

#### Document Incriminates Platter

**¶1.** Findings by the parliamentary investigative committee, which is looking into the purchase of Eurofighter jets for Austria, have incriminated former Defense Minister Guenther Platter from the OeVP. According to one of the committee's files, Platter had ordered to have part of the jets' acquisition costs listed as maintenance costs, which will only incur at a later date, in order to make the official purchase price appear as low as possible. According to Peter Pilz, the head of the investigative committee, the move was a "deliberate deception" of Parliament. Platter, who serves as Interior Minister in the new SPOe-OeVP cabinet, has dismissed the allegations.  
ORF radio's early morning news Morgenjournal quotes former Defense Minister Guenther Platter as rejecting the claims: "The three blocks of expenses in question have long been made public, and were dealt with in a transparent manner. On top of that, they were all been checked by the Audit Court and the entire issue was discussed at length in Parliament. That is why I am very strongly rejecting the allegations." Asked about a former Finance Ministry official, who allegedly claimed Platter ordered part of the Eurofighter costs to be filed under maintenance, Platter said he "can not say" whether the official "imagined things." He had "never placed an order with the Finance Ministry; that is not the defense minister's job." Platter stressed that he had "in no way" misled Parliament on the issue: "That was never my intention. On the contrary, I have always considered it important that the costs are presented transparently. Again: everything has already been checked and debated in Parliament, and I strongly reject these allegations."  
Meanwhile, independent provincial daily Salzburger Nachrichten suggests in a front-page report that a SPOe proposal could envisage purchasing from interceptor producer EADS not 18, but only 14 Eurofighters jets plus a number of helicopters.

#### Muzicant: Chancellor's Reaction Not Acceptable

**¶2.** Ariel Muzicant, the President of Vienna's Jewish Community, has added his voice to criticism of Social Democratic Chancellor Alfred Gusenbauer for his response to past activities of Freedom Party leader Heinz-Christian Strache. The President of the Jewish Community told journalists the Chancellor's description of Strache's activities as youthful pranks was "unacceptable." Muzicant underscored the photos of Strache taking part in paramilitary games reflected a disposition towards National Socialism. Gusenbauer is also under fire from members of his own party for what some believe is a too mild response to the photos.

All major Austrian media report on Jewish Community President Ariel

Muzicant's criticism of Chancellor Alfred Gusenbauer over the latter's statements on the controversial Strache photos. Mass-circulation tabloid Oesterreich writes Muzicant appeared "visibly disappointed" by Gusenbauer's stance on the issue, and told journalists he "can not accept the chancellor's reaction." He suspects the SPOe was concerned a weakened FPOe could decide to re-unite with its spin-off BZoe, which is "no excuse" in his opinion, Muzicant said: "I doubt it is admissible to disregard all the basic principles of our political philosophy." In an interview with the daily, Austrian political analyst Peter Filzmaier argues the ongoing "discussion of the SPOe's position is helping Strache. Suddenly, the issue is no longer the FPOe boss, but the Social Democrats," the expert says.

The Chancellor has meanwhile also distanced himself from the FPOe, saying the explanation for the pictures presented by the FPOe leader was "insufficient," liberal daily Der Standard writes, and quotes Gusenbauer as saying Strache had "missed the chance to distance himself from such activities in his youth."

#### Bawag Hearings Begin

¶3. An Austrian civil court has begun hearing the charges brought by the Austrian Unions Association OeGB against former senior executives of the Bawag bank, as well as claims for eleven million Euros in damages.

According to a report in semi-official daily Wiener Zeitung, the Austrian Unions Association OeGB is seeking eleven million Euros in damages after Bawag bank, which the OeGB once owned, suffered massive losses in speculative currency deals. Among those being sued are former Bawag executives Helmut Elsner and Johann Zwettler, along with four former board members. The OeGB is also seeking damages from its own boss Fritz Verzetsnitsch, claiming he knew of the speculative losses and provided guarantees without seeking approval from the Unions Association's executive committee. Helmut Elsner continues to fight extradition to Austria from France, claiming he is suffering from heart problems and citing his doctors as saying he is too ill to travel to Austria. In late December, US consortium Cerberus won a bid to purchase bank Bawag.

#### US Chief Seeks New Iraq Approach

¶4. Admiral William Fallon, who has been chosen by US President Bush to become chief of US forces in the Middle East, has urged the administration to take a new and different approach in Iraq.

Speaking at his confirmation hearing, Admiral Fallon said that time was short for the US to turn Iraq around and that countering Iranian influence in Iraq would also be an important priority if he was confirmed in his post.

ORF radio early morning news Morgenjournal quotes Admiral William Fallon as stressing that the "situation in Iraq is serious, and clearly in need of new and different actions. But time is short, and there are no guarantees. It seems obvious to me that what we have been doing has not been working. We have not been getting the results we desire and we clearly have to do something different." The Admiral's comments came on another day of bloodshed in Iraq, when about 40 people died in attacks across the country. More than 100 people were also injured in bombings and mortar attacks as Shiite Muslims were celebrating the religious Ashura festival.

Meanwhile, foreign affairs editor for liberal daily Der Standard Gudrun Harrer comments: "The battle of Najaf, where earlier this week approximately 300 fighters and followers of a Shiite sect were killed, is another horrible episode in the Iraqi pandemonium. It gives rise to doubt whether the US, with an additional 21,000 troops, is in a position to manage the security situation in Iraq. (...) These days, it is clear that the future of Iraq will not be decided by a Sunni uprising, but by the question of whether the Shiite majority still has sufficient confidence in the Iraqi project. The tendencies towards disintegration among the Shiites suggest things are not looking good." The US, Harrer concludes is meanwhile "pointing its finger at Teheran and it would be naove not to see the Iranian influence in Iraq. It would be just as naove, though, to assume that everything would be all right in Iraq if only the Iranians could be eliminated from the equation."

15. After agreeing on a cease-fire earlier this week, rivaling Palestinian factions Hamas and Fatah have begun exchanging their hostages. According to reports published in Israeli media, 20 Hamas members and 18 supporters of Fatah were set free Tuesday evening. The cease-fire meanwhile appears to hold, with unrest in Gaza having declined considerably since yesterday.

Although the cease-fire between the two rivaling Palestinian factions Hamas and Fatah appears to hold for the time being, mass-circulation daily Kurier is skeptical it is going to last. In a report entitled "Out of control," the daily's Tel Aviv correspondent Norbert Jessen says "many Palestinians have no confidence in the truce, because most of the armed groups are no longer listening to their leaders." Thus, "all political compromises are no more than an illusion as long as the violence in the streets continues to have a life of its own. In that case, we can expect the opposite: Armed struggles between undisciplined groups could draw everyone into the struggle and trigger a war between the secular branches and the fundamentalists."

The daily's foreign affairs writer Stefan Galoppi argues: "When the Middle East quartet starts its new peace initiative it has to overcome the short term approach that characterized its previous initiatives. A real peace plan needs clearly-defined steps and a clear deadline. Only if the Palestinians see that they can have progress without violence, religious fanatics and war profiteers will lose their fatal influence in the end."

McCaw